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ARTICLES:

(1) US Ambassador to Japan urges positive approach to US-Japan FTA

NIHON KEIZAI (Page 2) (Full)
Evening, February 16, 2006

Speaking this morning before a meeting of Otemachi Trading Company heads, American Ambassador to Japan J. Thomas Schieffer took a stance of urging a positive approach toward a US-Japan fair trade agreement (FTA) by saying, "If economic liberalization advances, it would create new demand and generate more employment." Japan Foreign Trade Council Chairman Sasaki (Mitsubishi Trading Company) commented, "Although there are some difficult issues such as agriculture remaining between the US and Japan, it would be a good to (sign an FTA), taking a mid to long term perspective."

(2) Minshuto member: Livedoor Horie instructs staff by e-mail to send 30 million yen to Takebe's second son

ASAHI (Top Play) (Excerpt)
Evening February 16, 2006

In a House of Representatives Budget Committee meeting yesterday, Democratic Party of Japan (Minshuto) Hisayasu Nagata said that former Livedoor President Takafumi Horie, who has been indicted on charges of violating the Securities Exchange Law, had instructed a company employee by e-mail on Aug. 26 of last year to send money to the second son of Liberal Democratic Party

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Secretary General Tsutomu Takebe: According to Nagata, Horie sent

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e-mail noting: "Make arrangements to transfer 30 million yen to the same bank account as in the previous case. Enter election consulting fees as the purpose of the expenditure." Nagata demanded that Takebe and his second son should be summoned as an unsworn witness. Meanwhile, speaking to reporters in the Diet building, Takebe rejected the allegation as untrue.

(3) Pinning hopes on post-Koizumi candidates; Beijing accepts visits to China by ruling party executives with aim of improving relations with Japan

YOMIURI (Page 4) (Full)
February 16, 2006

Groups of lawmakers, including ruling party executives, are scheduled to visit China one after another soon with a view to improving relations between Japan and China, which have soured due to Prime Minister Junichiro Koizumi's visits to Yasukuni Shrine and other factors. Beijing has decided to accept visits to China by senior ruling party members, reversing its previous policy. Beijing has also begun exhibiting its stance of pinning greater hopes on possible successors to Koizumi than on the Koizumi cabinet.

On Feb. 19, Liberal Democratic Party Policy Research Council Chairman Hidenao Nakagawa and his New Komeito counterpart Yoshihisa Inoue will visit China. On March 30, representatives of seven Japan-China friendship organizations, including former Prime Minister Ryutaro Hashimoto, former Home Affairs Minister Takeshi Noda (who is also chairman of the Japan-China Association), and former Foreign Minister Masahiko Komura, are scheduled visit China. Furthermore, talks with Chinese President Hu Jintao are scheduled for the group including Hashimoto, which will be accompanied by Chinese Ambassador to Japan Wang Yi.

Beijing has been reluctant to accept visits by Japanese lawmakers since a series of anti-Japan demonstrations last spring. Although China accepted visits by Minshuto (Democratic Party of Japan) President Seiji Maehara and Social Democratic Party head Mizuho

Fukushima in December, visits by senior ruling party members have not realized.

China's new stance has raised concerns in Japan. A junior LDP member speculated, "By placing Prime Minister Koizumi out of the loop, China is trying to affect the post-Koizumi race and Japan's public opinion."

Noda delivered a speech in Tokyo yesterday in which he said, "When I met with Chinese State Councilor Tang Jiaxuan, a former foreign minister, in Beijing, he told me, 'We cannot expect relations with Japan to turn for the better as long as Prime Minister Koizumi remains in office. We place expectations on Koizumi's successor.'" Noda also said, "The question of paying homage at Yasukuni Shrine and policy toward China are important factors in considering the successor to Prime Minister Koizumi."

Before the Japan-China Parliamentary Friendship Association, Chinese Ambassador Wang reiterated concern yesterday over visits to Yasukuni Shrine by the Japanese prime minister, saying, "Any political impediments (to the relationship between Japan and China) must be eliminated." During his stay in Japan, the Association's Vice Chairman Jing Dunquan held talks with Chief

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Cabinet Secretary Shinzo Abe on Feb. 13 and with Foreign Minister Taro on the 14th. Those meetings have also sparked speculation that the purpose was to size up possible successors to Koizumi.

(4) Sozo presents US Consul General with its own US force realignment plan

OKINAWA TIMES (Page 3) (Full)
February 16, 2006

A group of members of Okinawa political group Sozo (headed by Mikio Shimoji), including Acting Representative Hiroshi Goya, Secretary General Chohei Maekawa, and Policy Research Council

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Chairman Morio Toma, held talks yesterday with US Consul General for Okinawa Thomas Reich at the Consulate General in Urasoe. In the meeting, the group presented its own plan to build a helipad on the coastline of Camp Schwab in Nago as part of the planned US force realignment.

Sozo's plan is designed to immediately close down the US Marine Corps' Futenma Air Station to build a 300-meter-by-300-meter helipad at Camp Schwab. The group also explained a plan to temporarily shift part of functions of the Futenma airfield to Kadena Air Base once its military strength, such as fighters, is reduced.

Consul General Reich welcomed the proposal, saying, "This is the first case we have received a counter-plan from local residents in the course of bilateral talks on US force realignment." At the same time, citing an agreement specified in an US force realignment interim report to build a 1,800-meter runway on the coastline of Camp Schwab, the Consul General said: "An agreement has been reached on the need to build a runway in constructing the alternative facility. Questions remain if such a helipad can be the alternative facility."

Reich also revealed a negative view about substantially reducing the military strength of Kadena Air Base, noting:

"The importance of Okinawa is increasing due to North Korea's nuclear ambitions and China's military buildup. The military functions of Kadena Air Base are particularly indispensable."

Maekawa sought US understanding, stating:

"Seventy to eighty percent of Okinawa residents are opposed to the coastal relocation plan. The United States should lend an ear closely to the voices of the Okinawa public who have been suffering from US bases for the last 60 years."

(5) CEEP agrees to set global strategy in May

YOMIURI (Page 9) (Full)
February 16, 2006

The Council on Economic and Fiscal Policy (CEFP) yesterday agreed to compile a global strategy in order for the government to strengthen Japan's international competitiveness. The panel will look into the possibility of expanding the framework for skilled and able foreign workers, developing a comprehensive strategy for the improvement of international competitiveness of the agriculture, fisheries and forestry industries and promoting efforts to sign economic partnership agreements (EPA).

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(6) South Korean Foreign Affairs & Trade Minister Ban joins race for UN top post; Ban "expects Japan's support," but Japan says, "It's difficult..."

NIHON KEIZAI (Page 2) (Full)
February 15, 2006

South Korean Foreign Affairs & Trade Minister Ban Ki-moon who has declared his candidacy for the top post of the United Nations indicated at a press conference on Feb. 14 that he hoped Japan would support him, saying: "I'm happy to hear of Japan's position that an Asian candidate should fill the post." Speaking of how to respond to North Korea's nuclear development programs, Ban stressed: "If I were elected, I would play a positive role to resolve the issue peacefully and swiftly." (Hiroshi Minegishi, Seoul)

The Japanese government has taken a cold attitude toward Ban's statement. South Korea has been opposed to Japan's long-cherished desire to become a permanent member of the UN Security Council. A senior Foreign Ministry official said flatly: "Only when it's convenient for them do so, they ask for our support. But giving support is difficult."

Asked by reporters whether to back Ban, Prime Minister Junichiro Koizumi said innocuously: "Isn't it too early to decide?" Chief Cabinet Secretary Shinzo Abe told the press, "An Asian candidate should be elected," but he added: "We'd like to make a decision from a comprehensive standpoint, for instance, considering progress in the UN reform."

(7) One year since Kyoto Protocol went into effect: Only 19 local governments establish surveillance system to check greenhouse gas emissions by companies

MAINICHI (Page 1) (Slightly abridged)
February 16, 2006

February 16 marked the first anniversary of the enactment of the Kyoto Protocol, which obligates industrialized countries to cut back on the emissions of such greenhouse gasses as carbon dioxide (CO2). The Mainichi Shimbun conducted a survey of 47 prefectures and 14 government ordinance cities on companies' greenhouse gas emissions and their plan to cut such emissions. The survey found that 19 local governments had their own reporting system, of which only nine local governments had a regulation on the disclosure of information on individual companies.

Determining the amount of emissions ascribable to corporate activities is the basic part of global warming preventive measures. But the survey found that there were differences in efforts by local governments.

In compliance with the Global Warming Preventive Measures Promotion Law, the government will introduce a reporting system targeting major companies that emit greenhouse gasses more than a certain fixed amount, starting this spring. Local governments that have independently established their own ordinance did so in order to shed light on the state of greenhouse gas emissions in

their districts, by including companies that are not made targets under government guidelines.

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Fourteen prefectures, including Saitama, Tokyo, Kyoto, Osaka and Hiroshima and five government ordinance cities, such as Yokohama, Nagoya and Kyoto, have a reporting system, established under an ordinance.

Kyoto was the first local government throughout the nation that enacted a set of global warming preventive measures. The ordinance obligates companies to report the amount of greenhouse gas emissions. It also adopted a system that mandates transportation companies, such as tax companies, as well as plants that use a huge amount of electricity and fuels, to annually report their greenhouse gas emission reduction data. The Tokyo metropolitan government has set a system of mandating the submission of a five-year reduction plan, and evaluating and giving guidance on implementation results.

The methods of disclosure adopted by each local government are varied. The ordinances of Kyoto and Mie provide the full disclosure of information on individual companies. Hyogo and Ishikawa do not disclose information on individual companies. The ordinances of Iwate, Tochigi and Miyazaki do not include a regulation on the disclosure of such information.

Of 42 prefectures and cities that do not have an ordinance on global warming preventive measures, 22 replied that they had no plan to introduce such for the time being with an official of the Akita Prefectural Government saying, "Since many companies in Akita are small and medium-sized, it will be more effective to encourage them to reduce emissions" or an official of Shimane Prefectural Government saying, "It will be meaningless to adopt such a system, because such a system established by a local government will overlap." Officials of some government offices pointed out a shortage of experts on global warming preventive measures on the corporate side.

(8) LDP Constitutional Research Commission Chairman Hajime Funada says LDP will come up with second draft constitution including many views in the party, new LDP president should show the way to constitutional reform

TOKYO SHIMBUN (Page 2) (Full)
February 16, 2006

Questioner: The Liberal Democratic Party (LDP) seems to have stopped constitutional debate since your party came up with a draft constitution last November.

Funada: The mood in our party was high at the time when we formulated the draft constitution. Some members, however, think that the draft does not necessarily include views of the party. I cannot give the draft any score, but I feel many party members are unhappy with it.

Questioner: Could you tell about what are problems specifically?

Funada: For example, the contents of a preamble to the draft constitution are well-made, but too many words expressing feelings were omitted from the preamble. The improvement is that Article 9 of the draft constitution allows Japan to have jiei gun or a self-defense military (army). However, the draft does not clearly stipulate reasons why Japan is not allowed to use the right of collective self-defense. The draft includes several new rights, but few national obligations and responsibilities are

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included. I cannot give examples because there are too many.

Questioner: Don't you think the LDP failed to deepen debate because the party hastened to compile the draft constitution in

accordance with the 50th anniversary of its founding last year?

Funada: It is true that we were unable to take enough time for discussion. Ironically, the fact that the LDP won a landslide victory in last year's House of Representatives election was also a major reason. Because we were needlessly concerned that the public might have thought us arrogant if we compiled a draft constitution, which has the tendency to revert to the old ways, while we were being excited at the bid win.

Questioner: Do you think the LDP was too much aware of making compromises with the New Komeito and Minshuto (Democratic Party of Japan)?

Funada: We intended to create a draft constitution based on compromise and cooperation. I also thought that our party should cooperate with the New Komeito and the largest opposition party. However, the draft constitution was the one I did not expect. Honestly, it is difficult to explain it (to the public). We would have held campaigns toward the public and town meetings. But we had no choice but to cancel such activities.

Questioner: Do you plan to rewrite the draft constitution?

Funada: We think that we need to rewrite the draft constitution to ask for the people's vote of confidence. We call the present draft as the first draft. After adding corrections to the first draft, we will make a second draft. We would like to ask for a vote of confidence regarding the second draft constitution.

Questioner: There are two groups in the LDP: A group calling for formulation of the party's own draft constitution and the other favoring cooperation with the two parties.

Fukuda: I have the impression that the group insisting on the creation of the party's own draft constitution is somewhat gaining influence in discussions on the Yasukuni issue and the issue of revising the Imperial House law.

Questioner: When do you expect to formulate a second draft constitution?

Funada: Debate from now on would link to the question of who would be the next party president. I think the person who will be elected the LDP president in September will give us directions. Until then, we will move ahead with discussion in order to come up with a second draft.

Questioner: Do you think the constitutional issue should be a major campaign issue for the LDP presidential race?

Funada: It is difficult for presidential candidates to speak of constitutional reform because they might be bound by their remarks in the future. But I want them to express their determination as to when they will finish the work of amending the Constitution and directions.

Questioner: In order to display directions, a national referendum bill is needed.

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Funada: I would like to get the bill readied before the end of the ongoing Diet session, and the party will conduct a debate on a second draft constitution under the leadership of new president. We want to start next year coordination on a set of proposals for constitutional amendments with the New Komeito and Minshuto.

(9) Amakudari is stymieing structural reform

TOKYO SHIMBUN (Page 3) (Full)
February 15, 2006

In the wake of a recent bid-rigging scandal involving the Defense Facilities Administration Agency over its construction projects,

the government is now being accused of placing lax restrictions on amakudari, literally 'descent from heaven' or government bureaucrats' practice of landing lucrative jobs with public corporations or private businesses after retirement. The Koizumi cabinet, since coming into office in April 2001, is supposed to have cracked down on the collusion of politicians, bureaucrats, and businesses. In fact, however, their collusive ties remain unchanged. This report looks into problems about the golden-parachuting practice.

"I can't say the amakudari practice and the bid-rigging case have nothing to do with each other. We'll have to take steps to improve this." With this, Prime Minister Junichiro Koizumi indicated before the House of Representatives Budget Committee in its Feb. 6 meeting that the government would tighten amakudari regulations following the DFAA bid-rigging scandal.

The National Civil Service Law prohibits government personnel for a period of two years after their retirement from parachuting into private businesses that are closely related to state-affiliated entities.

However, a former DFAA official, who is suspected of being involved in the bid-rigging scandal, moved into a public-interest corporation after his retirement. More than two years later, he parachuted into a general construction contractor.

The DFAA is alleged to have portioned out construction work orders based on the number of DFAA parachutists working for each contractor. Contractors are believed to have aimed at securing job orders by accepting DFAA retirees.

They took advantage of a loophole in the law. However, such a way of parachuting is not peculiar to the DFAA only. The Tokyo Shimbun looked into facts about amakudari. In many cases, retired bureaucrats were found to have landed in private corporations more than two years after moving into public-interest corporations and the like.

Furthermore, the problem is that the government has failed to check such a legal loophole.

In late 2001, the government made a cabinet decision to adopt an outline of public service personnel system reform. Based on this outline, the government makes public amakudari corporate names and position titles in the case of those who were above the division director level or the planning officer level and moved into public-interest corporations or private-sector businesses

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within two years after their retirement. In addition, the government has also required all public-interest corporations to disclose the names of their ex-bureaucrat officials for improved transparency.

However, the government does not have to make public such amakudari corporate names and position titles when it comes to those moving into the private sector more than two years after parachuting into public-interest corporations as in the case of the one in the DFAA bid-rigging scandal. "Basically, public-interest corporations are private-sector entities," says an official in the Ministry of Internal Affairs and Communications (MIC). The MIC official went on, "So the government cannot require them to go that far." However, the government bureaucracy's post-retirement parachuting is beyond the reach of public scrutiny. It is not too much to say that this has been a climate for bid rigging with amakudari officials.

Furthermore, the government bars amakudari parachuting into private-sector businesses closely linked to state affiliates. This also has a loophole.

At present, an amakudari official's company and that official's previous government office are "closely tied" if the amount of their contracts accounts for over 25% of that company's sales. In the case of big businesses with large turnovers, however, the

proportion of their contracts with specific government offices relatively goes down. In point of fact, no holds are barred for big businesses. Public servants are "actually free" to descend on big companies as soon as they quit or retire, according to a government official.

The leading opposition Democratic Party of Japan (DPJ or Minshuto) recently introduced a bill to the House of Councillors--the lower chamber of parliament--to amend the National Civil Service Law. The DPJ bill extends the current two-year period of moratorium on amakudari into the private sector to five years. Shu Watanabe, playing the role of MIC minister in the DPJ's shadow cabinet, explains: "After five years, amakudari officials' ties with their previous government offices will be thinner, and it will be difficult to get together and rig bids by involving retired bureaucrats."

Some officials note that a further tightening of the restrictions will conflict with the constitutionally guaranteed freedom of choice in employment, so they deem it difficult to revise the law. For this reason, instead of beefing up the amakudari restrictions, one government source insists on introducing bidding systems that make it difficult to rig the bids, such as open competitive bidding with many contractors participating.

On the side of bureaucrats, however, there seems to be no sense of sin about amakudari from the start.

"It's not a bad thing to make use of human resources with expertise outside the government," says one senior official in an economic agency of the government. A senior official in another government office insists, "Restricting amakudari is the same as telling us not to work. There is no denying the fact that Prime Minister Koizumi has done nothing about such a bureaucratic logic."

"The Koizumi government has not seriously stuck the knife into

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the vested interests of politicians, bureaucrats, and businesses," says Koji Matsui, one of the DPJ's House of Councillors members who presented his party's five-year amakudari moratorium bill.

SCHIEFFER